MT. CARMEL PUBLIC UTILITY CO.

ELECTRIC TRANSMISSION AND DISTRIBUTION REVIEW

ANNUAL REPORTING PERIOD 2005

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PART 411.120(b)(3) ANNUAL REPORT

411.120 (b)(3)(A) A plan for future investment and, where necessary, reliability improvements for the jurisdictional entity=s transmission and distribution facilities that will ensure continued reliable delivery of energy to customers and provide the delivery reliability needed for fair and open competition, along with the estimated cost of implementing the plan and any changes to the plan from the previous annual report.

i) The plan must cover all operating areas, including a description of the relevant characteristics of each operating area and the age and current condition of the jurisdictional entity=s equipment and facilities in each operating area.

The Mt. Carmel Public Utility Co. maintains only one operating area. This territory covers approx. 107 square miles, one incorporated municipality and approximately 5,700 electric customers. Within the operating area there are two transmission substations, three distribution substations, with a total of twelve feeders, and four industrial/wholesale substations. The distribution system consists of approx. 258.32 line miles of overhead facilities and approx. 6.77 line miles of underground facilities totaling approx. 265.09 circuit miles of distribution facilities, with 30% of this total being urban distribution facilities.

The information regarding the age and condition of Mt. Carmel Public Utility Co. facilities is addressed in the response to section 411.120 (b)(3)(G)(i).

ii) The plan shall cover a period of no less than three years following the year in which the report was filed.

Budgeted capital and operations and maintenance, O&M, amounts for the next three years:

CATEGORY	YEAR			
	2006	2007	2008	
Transmission Capital	$235,000.00	$10,000.00	$10,000.00	$10,000.00
Transmission Operations and Maintenance	$50,000.00	$50,000.00	$50,000.00	$50,000.00
Distribution Capital	$175,000.00	$50,000.00	$50,000.00	$50,000.00
Distribution Operations and Maintenance	$825,000.00	$850,000.00	$855,000.00	$860,000.00
Total	1,285,000.00	$960,000.00	$965,000.00	$970,000.00

Previously submitted budget estimates for Transmission Capital for the year 2005 represent the estimated cost of completed construction for a 138/69 Kv Substation and Transmission Line. This project was partially funded in 2005 with remaining costs included in 2006. Costs are currently reflected in the balance sheet in the Construction Work in Progress account until the project is completed. Capital expenditures estimated for 2006 thru 2008 represent the completion of this project and and a return to more traditional Transmission Capital expenditures in future years.

2008-2012 could see the need for additional capital expenditures if money is appropriated by the State of Illinois or a bridge construction project, however, at this time no firm dates have been established for this project.

The estimated cost of transmission supplied to Mt. Carmel by others is not included in the values for Transmission Operations and Maintenance listed above.

The value indicated under Distribution Capital above for the year 2006 represents the completion of a new distribution substation in conjunction with the transmission project. With budgeted amounts returning to more traditional expenditures in future years. Distribution Operations and Maintenance (O&M) values reflect increased costs associated with vegetation management. As well as amounts budgeted for scheduled triennial maintenance on facilities.

Mt. Carmel Public Utility Co. proposes the following improvements to ensure continued reliable electric service to its customers.

General System Wide Improvements:

- Continue to install animal protection at new transformer installations as well as at locations which experience animal related interruptions.
- Review circuit interruption data to determine if the installation of more sectionalizing devices, or facility rebuild or relocation is necessary to improve reliability.

- Continue to work toward the achievement of a three year system wide tree trimming cycle.

Further information on tree trimming is provided in Section 411.120 (b)(3)(A)(iii) below.

Circuit Specific Improvements.

Circuit #21000 - (Froman Drive Feeder) – Worst-Performing Circuit for 2005

- Expenditures listed in the table above under Distribution Operations and Maintenance allow for the installation of animal protection, adding sectionalizing devices, pole and crossarm replacement or repair, insulator replacement, and arrester replacement or installation as may be necessary to improve circuit reliability. Details of work to be performed are indicated in Sections 411.120(b)(3)(B) and 411.120(b)(3)(J) below.

Circuit #31000 - (West 3rd St. Feeder)

- Mt. Carmel plans to re-conductor and extend a portion of LS #31068 near the new substation currently being constructed on N. 1250 Blvd just west of Mt. Carmel. This line section upgrade would allow for the placement of approx. half of the existing circuit on the new substation once completed. This extension is scheduled for completion in of 2007 no cost estimate is available at this time

Circuit #33000 - (Snap-On Feeder)

- Currently Mt. Carmel plans to extend this circuit from the intersection of 9th and Oak St. west approx. 5.4 miles to provide a dedicated circuit for service to an expanding strip mining operation located west of the city of Mt. Carmel. This extension is scheduled for completion in July of 2006 at an estimated expenditure of $200,000.

iii) The plan shall identify all foreseeable reliability challenges and describe specific projects for addressing each.

Reliability challenges have been identified in the following areas.

Tree related interruptions - Mt. Carmel Public Utility Co. recognizes the impact that tree contact has on service reliability. Efforts to minimize interruptions due to tree contact include the installation of underground facilities, where feasible, and study and analysis of areas that pose accessibility conflicts and address these situations as appropriate. Mt. Carmel Public Utility Co. has implemented a plan, beginning July 1, 2004, which should allow for the distribution system to be trimmed on a three year cycle. Reports on the progress of this plan are submitted to Staff quarterly.

Animal related interruptions - Animal guards are installed at new transformer locations and on existing facilities as animal related problems are encountered.

Circuits with high occurrences of interruptions - Distribution circuits which have experienced high numbers of outages are studied and, where applicable, sectionalizing devices are added, line reclosers are relocated or added and, where feasible, portions are switched to another distribution circuit, or portions which pose accessibility issues are rebuilt or relocated as applicable. In addition expenditures listed in the table in response to 411.120 (b)(3)(G)(ii) above, under Distribution Operations and Maintenance, allow for pole and crossarm repair or replacement, insulator replacement, and arrestor replacement or installation as may be necessary to improve circuit reliability.

Facility accessibility - In areas where access to distribution facilities is limited studies are conducted to determine the feasibility of facility rebuild or relocation.

iv) The plan shall provide a timetable for the achievement of the plans goals.

A schedule for completion of those items listed in sections ii and iii above is indicated for those issues that are not ongoing.

v) The plan shall report and address all unresolved reliability complaints about the jurisdictional entity=s system received from other utilities, independent system operators, or alternative retail electric suppliers.

Mt. Carmel Public Utility Co. has received no reliability complaints from other utilities, independent system operators, or alternative retail electric suppliers.

vi) The plan shall report the specific actions, if any, the jurisdictional entity is taking to address the concerns raised in such complaints received from other utilities, independent system operators, or alternative retail electric suppliers.

No actions are required.

vii) The plan shall consider all interruption causes listed in Section 41.120 (b)(3)(D)

Animal Related - This issue is covered in Section 411.120 (b)(3)(A)(iii) above

Tree Related - This issue is covered in Section 411.120 (b)(3)(A)(iii) above.

Transmission\Substation Equipment – The outage attributed to this cause occurred as a result of the failure of a porcelain lightning arrestor located on the 138Kv side of Mt. Carmel's Keensburg Substation.

Mt. Carmel has replaced all of the a porcelain lightning arrestors on the 138Kv side of this station with polymer type arresters which are less susceptible to failure.

Weather Related - Lightning arresters are replaced as damaged equipment is encountered, a test program is being conducted on a portion of the system to determine if a significant reduction occurs in the number of interruptions attributed to lightning. Information regarding this program is provided in section 411.120 (b)(3)(B) below.

Intentional/Maintenance Related - Outages that are scheduled for the purposes of maintenance or intentionally initiated in an effort to make service restoration work as safe as possible are kept to as minimal a duration as possible. Efforts are made to notify customers who my be impacted by the outage as to the estimated duration.

Public Related - The interruptions listed in this category were due to car accidents, or equipment operators (not in the employ of the utility) who came into contact with utility owned facilities. However guy guards are installed at locations where contact may occur.

Overhead Equipment Related - Fuses, Arresters, Crossarms, Insulators, Etc. are replaced or repaired as circuit inspections or interruption data may require.

Unknown Origin - For those interruptions that occur, for which no obvious cause can be found after investigation, animal guards may be added to service transformers or Asuspect@ trees may be trimmed in an effort to reduce the possibility of future interruptions.

viii) The plan must consider the effects on customers and the cost of reducing the number of interruptions reported as required by Section 411.120 (b)(3)(C).

Circuit Switching Operations - During circuit switching operations substation voltages are monitored to ensure load switching capability is adequate.

Circuit Load Analysis - Load surveys are performed periodically on distribution circuits during peak usage seasons, when the need arises, capacitors are utilized. Also as circuit characteristics change voltage regulators and\or capacitors may be relocated or installed in an effort to maintain acceptable voltages.

⏐Distribution Substation Maintenance - Distribution substation equipment (breakers, relays, transformers, batteries, oil samples, etc.) Are tested on such schedules as to ensure proper operation.

⏐Distribution Line Recloser Maintenance - Line reclosers are serviced or replaced on a scheduled basis. Counter readings are taken periodically to determine if maintenance is required prior to scheduled service.

⏐Distribution Circuit Inspections - Distribution circuits are inspected randomly or following events, such as major storms, which damage individual circuits or the system as a whole. As defects are found they are repaired as necessary.

⏐Outage Analysis - Periodically, as circuit outage data is compiled, it is analyzed to determine what action, if any, can be taken to minimize the interruptions occurring on the circuit.

⏐The cost of the points listed above is incorporated into Mt. Carmel Public Utility Co.=s Capital and Operations & Maintenance budgets as indicated in Section 411.120 (b)(3)(A)(ii) above.

411.120 (b)(3)(B) A report of the jurisdictional entity=s implementation of this plan filed pursuant to subsection (b)(3)(A) of this Section for the previous annual reporting period, including an identification of significant deviations from the first year of the previous plan and the reasons for the deviations.

Information regarding the implementation of the previous years plan and any significant deviations from this plan is listed below:

The following table represents the estimated and actual expenditures for 2004.

Category	Budget Estimate - 2004	Actual Expenditures - 2004
Capital (Transmission and Distribution)	$1,000,000.00	$1,049,806.00
O&M (Transmission & Distribution)	$875,000.00	$1,623,878.00
Total	$1,875,000.00	$2,673,684.00

Reliability improvements as indicated in the previous years report.

General System Improvements. - Construct a new 138/69 Kv Substation and Transmission Line as well as a 69KV/12470Y Distribution Substation in conjunction with this project.
Update or Deviation - This project is continuing as scheduled.

2006-2007 - Relocate a portion of 69KV transmission line, which also contains a portion of Circuit #5 as underbuild that crosses and parallels Il. Rte. 15 at the Wabash River. This project is in conjunction with I.D.O.T. plans to rebuild the existing bridge over the Wabash River at this location. No cost estimate is available at this time.
Update or Deviation – This project is continuing as scheduled, currently no cost estimate is available.

Circuit #21000 - Install two additional voltage regulators on Line Section #22500 near 16630 E 1100 Rd to accompany the voltage regulator installed on the center phase of this line section in July of 2003. This installation was scheduled to be completed in the fall of 2004 at an estimated cost of 2,000.00. As indicated under this same part in Mt. Carmel's "Electric Transmission and Distribution Review", for the 2004 Reporting Period, "*This project has been rescheduled for the fall of 2005 due to an unusual amount of new construction within Mt. Carmel=s service territory.*"
Update or Deviation – This project was not completed during 2005 as proposed. This is due chiefly to the continued volume of new construction within Mt. Carmel=s service territory as well as ongoing circuit maintenance issues as listed below. Currently Mt. Carmel plans to complete this installation in mid 2006 at an estimated expenditure of $4,000.

Circuit #22000 – Install a line recloser on Line section #22100 near 21431 E 1300 Rd. in an effort to

further sectionalize the outer reaches of this circuit. As indicated under Section 411.120 (b)(3)(J) of Mt. Carmel's "Electric Transmission and Distribution Review", for the 2004 reporting period, *"This project was originally scheduled for completion in 2004. However it has been rescheduled due to an unusual amount of new construction within Mt. Carmel=s service territory."*

Update or Deviation – This project was not completed during 2005 as proposed. This is due chiefly to the continued volume of new construction within Mt. Carmel=s service territory as well as ongoing circuit maintenance issues as listed below. Currently Mt. Carmel plans to complete this installation in the fall of 2006 at an estimated expenditure of $2,000.

Circuit #22000 – Initiate a test program on this circuit in which additional lightning protection is installed to determine if a significant reduction occurs in the number of interruptions attributed to lightning. This project is scheduled for the spring of 2005 at an estimated cost of $16,000 to $20,000.

Update or Deviation – In July of 2005 Mt. Carmel installed a total of sixteen (16) lightning arrestors at approx. ¼ mile intervals on Line Section Numbers 22400 and 22420 which are located in the northwest portion of the circuits service territory. The estimated expenditure for this installation is $3,000.

Circuit #31000 - Continue upgrade and relocation of existing distribution facilities in Oressa Heights Subdivision from overhead to underground facilities and relocate to the front of the properties due to accessibility issues. This project is scheduled to be completed in 2005. As indicated under this same part in Mt. Carmel's "Electric Transmission and Distribution Review", for the 2004 Reporting Period, *"This project is continuing as scheduled, the current expenditures are $32,184.24 with total expenditures estimated to be $33,000. Completion is scheduled for 2005 as previously indicated."*

Update or Deviation – This project was not completed during 2005 as proposed. This is due chiefly to the continued volume of new construction within Mt. Carmel=s service territory as well as ongoing circuit maintenance issues as listed below. Mt. Carmel continues to work toward the completion of this relocation.

Currently no completion schedule or revised expenditure estimates are available.

Circuit #31000 - Construction of a new distribution feeder originating from a new substation located Southwest of Mt. Carmel on N 1250 Blvd. This would provide a source substation for placing a portion of the existing circuit on and allowing for better load management. Completion date would be approx. mid 2005. As indicated under this same part in Mt. Carmel's "Electric Transmission and Distribution Review", for the 2004 Reporting Period, *"This project has been rescheduled for completion in 2006 because of delays in the transmission project associated with it. The cost of construction is estimated to be $15,000."*

Update or Deviation – This project was completed in December of 2005 in connection with the replacement of approx. 500' of existing three phase overhead primary with underground to accommodate the construction of new transmission facilities. Expenditures for this construction were $10,000.

Circuit #32000 - Construct two (2) distribution feeders out of a new substation to separate the existing circuit west of Mt. Carmel and allow for facilities adequate to supply future growth in an industrial park in this area. As indicated under this same part in Mt. Carmel's "Electric Transmission and Distribution Review", for the 2004 Reporting Period, "This project is currently scheduled for completion in 2005 as previously stated. No cost estimate for this work has been determined at this time."

Update or Deviation - This project has been delayed due to the continued volume of new construction within Mt. Carmel=s service territory as well as ongoing circuit maintenance issues as listed below. Currently no completion schedule or expenditure estimates are available.

The following work was not part of the plan submitted in the report for 2004.

Circuit #17000 - 06/05, Installed approx 320' of single phase overhead primary to service new home construction. Creating Line Section #17116.

09/05, Abandoned approx. 450' of overhead primary which serviced an oil well no longer in use. Abandoned Line Section #17750.

Circuit #21000 – 06/05, Installed approx. 250' of single phase overhead primary to service new home construction. Creating Line Section #21823T135.

06/05, Line Section #22500T279, Removed four spans of overhead single phase primary no longer in use.

07/05, Abandoned approx. 600' of overhead primary which serviced a rural residence no longer at the location. Abandoning Line Section #21400T160.

07/05, Relocated approx. 600’ of overhead primary on Line Section #21835 to accommodate the replacement of a county road bridge.

10/05, Extended Line Section #21020T062 to supply service for new home construction.

10/05, Installed approx. 170’ of underground single phase primary to supply service for new home construction. Creating Line Section #22706T228.

Circuit #22000 - 02/05, Installed approx. 1200' of three phase overhead primary to provide service to a new oil well location. Creating Line Section # 22100T1422.

06/05, Installed additional sectionalizing on Line Section #22202. Creating Line Section #22202T014.

07/05, Removed the existing 35 Amp recloser located at the beginning of Line Section #22400 for maintenance and installed a 75 Amp at this location.

07/05, Abandoned approx. 1050’ of single phase overhead primary due to accessibility issues. Abandoning Line Section #22117 & Line Section #22117T018.

07/05, Removed approx. 150’ of overhead primary which served a grain bin that had been removed. Abandoning Line Section #22422T276.

09/05, Line Section #22083 abandoned approx. 1450’ of overhead single phase primary which serviced an abandoned cabin near the Wabash River.

09/05, Installed a 200Kvar capacitor bank on Line Section #22000.

09/05, Installed approx. 147’ of underground single phase primary to supply service to new construction. Creating Line Section #22434T121.

10/05, Abandoned approx. 330’ of Line Section #22004T038 in the Carriage Hills Subdivision due to accessibility issues.

10/05, Installed approx. 225’ of overhead single phase primary to supply service to new construction. Creating Line section #22000T380.

Circuit #31000 - 04/05-05/05, Line Section #31226, installed approx. 795' single phase underground primary to provide service to a customers new construction.

07/05, Replaced approx. 500’ of existing three phase overhead primary with underground on Line Section #31060 to accommodate the construction of new transmission facilities.

11/05, Line Section #31065, Reconstructed and extended an existing three phase underground road crossing to accommodate the construction of a new transmission line.

Circuit #32000 – 05/05, Installed single phase highway crossing and approx. 600' of undergound primary to provide service new construction. Creating Line Section # 32100T166 and Line Section #32100T168.

07/05, Installed 100Amp recloser and upgraded the by-pass switches at the beginning of Line Section #32100 to accommodate the addition of a strip mining operation west of Mt. Carmel.

411.120 (b)(3)(C) The number and duration of planned and unplanned interruptions for the annual reporting period and their impacts on customers.

2005 Planned (scheduled) Interruptions and Duration - There were 44 interruptions that impacted 845 customers with

an average duration per outage (duration minutes) interruptions) of 3,060.73 minutes.

2005 Unplanned (unscheduled) Interruptions and Duration - there were 268 interruptions that impacted 8,015 customers with an average duration per interruption (duration minutes) interruptions) of 66.19 minutes.

411.120 (b)(3)(D) The number and causes of controllable interruptions for the annual reporting period.

See Supplemental Report.

411.120 (b)(3)(E) Customer Service interruptions that were due solely to the actions or inactions of another utility, jurisdictional entity, independent system operator, or alternative retail electric supplier for the annual reporting period.

There were no interruptions due to the actions or inactions of another utility, jurisdictional entity, independent system
operator, or alternative retail electric supplier.

411.120 (b)(3)(F) A comparison of interruption frequency and duration for customers buying electric energy from the jurisdictional entity versus customers buying electric energy from another utility, or alternative retail electric supplier
for the annual reporting period. A jurisdictional entity may base this comparison on each customer=s supplier as of December 31 of each year. A jurisdictional entity need not include information for customers whose electric energy supplier is not known to the jurisdictional entity.

No customers were supplied by another entity in 2005.

411.120 (b)(3)(G) A report of the age, current condition, reliability and performance of the jurisdictional entity=s existing transmission and distribution facilities, which shall include, without limitation, the data listed below. In analyzing and reporting the age of the jurisdictional entity=s plant and equipment the jurisdictional entity may utilize
book depreciation. Statistical estimation and analysis may be used where actual ages and conditions of facilities are not readily available. The use of such techniques shall be disclosed in the report.

i) A qualitative characterization of the condition of the jurisdictional entity=s system defining the criteria used in making the qualitative assessment, and explaining why they are appropriate.

Mt. Carmel Public Utility Co.=s transmission facilities have an approximate average age of 21 years with an
average remaining life of approximately 9 years. The distribution facilities have an approximate average age
of 22 years with an average remaining life of 8 years. These figures are based on analysis completed 12/31/05

The reliability enhancement programs outlined in section 411.120 (b)(3)(A) - ii, iii, vii, viii, as provided
in this report will ensure that the facilities operated by Mt. Carmel Public Utility Co. are inspected and
maintained on a regular basis. Based on these actions the Mt. Carmel Public Utility Co.=s reliability indices and the results of the customer satisfaction survey (Attachment AA@ to this report) it can be concluded that the existing Transmission and Distribution facilities are in good operating condition and
provide customers with safe and reliable service.

ii) A summary of the jurisdictional entity=s interruptions and voltage variances reportable under this part, including the reliability indices for the annual reporting period.

The number of planned/unplanned outage events for 2005 was 339.

The following table summarizes customer interruptions experienced in 2005 by cause category.

CATEGORY	Number of Interruptions	Percent of Total Interruptions
Animal Related	39	11.50
Tree Related	30	8.85
Employee\Contractor Personnel Errors	0	0
Underground Equip Related	0	0
Transmission\Substation Equipment	1	.29
Weather	76	22.42
Intentional\Maintenance	44	12.98
Other Alternative Supplier\Utility	0	0
Customer Equipment	27	7.96
Public	11	3.24

Overhead Equipment	76	22.42
Unknown	35	10.32
Other	0	0

The system reliability indices for 2005 are as follows:

SAIFI	1.69
CAIFI	1.43
CAIDI \ Min	66.18

iii) The jurisdictional entity=s expenditures for transmission construction and maintenance for the annual reporting period expressed in constant 1998 dollars, the ratio of those expenditures to the jurisdictional entity=s transmission investment and the average remaining depreciation lives of the entity=s transmission facilities, expressed as a percentage of total depreciation lives.

The total depreciated cost of transmission plant in service is $3,481,358 and the average remaining depreciation lives is 50%. The 2005 capital expenditures for transmission plant, expressed in constant 1998 dollars was $319,871 or 9.193% of depreciated transmission plant in service or 4.67% at original cost. Maintenance costs, expressed in constant 1998 dollars were $18,046. (No expenses for operations are included in this calculation.) The total expenditures for transmission, $18,046 represents .5184% of Transmission Book Value and .2634% of Transmission at Original Cost.

iv) The jurisdictional entity=s expenditures for distribution construction and maintenance for the annual reporting period expressed in constant 1998 dollars, the ratio of those expenditures to the jurisdictional entity=s distribution investment and the average remaining depreciation lives of the entity=s distribution facilities, expressed as a percentage of total depreciation lives.

The total depreciated cost of distribution plant in service is $5,662,087 and the average remaining depreciation lives is 47.17%. The 2005 capital expenditure for distribution plant, expressed in constant 1998 dollars, was $707,266 or 12.49% of the depreciated distribution plant in service and 5.89% at original cost. Maintenance expenditures, expressed in constant 1998 dollars, were $483,345 or 8.53% of the distribution investment at book value and 4.03% at original cost. Cost. (No operating expenses are included in this calculation.)

v) The results of a customer satisfaction survey completed during the annual reporting period and covering reliability, customer service, and customer understanding of the jurisdictional entity=s services and prices.

This information is provided in Attachment AA@ to this report.

vi) An overview pertaining to the number and substance of customers= reliability complaints for the annual reporting period and their distribution over the jurisdictional entity=s operating areas.

The Mt. Carmel Public Utility Co. has received no informal or formal reliability complaints to the Illinois Commerce Commission in the annual reporting period.

vii) The corresponding information, in the same format, for the previous three annual reporting periods if available.

411.120 (b)(3)(G)(i) - A qualitative characterization of the jurisdictional entity=s system.

Note: The Mt. Carmel Public Utility Co. was not required to file prior to 2003, (Reporting Period 2002), therefore the data provided in response to this section is representative of this fact.

Annual Reporting Period 2002 - Mt. Carmel Public Utility Co.=s transmission facilities have an approximate average age of 18.7 years with an average remaining life of approximately 11.3 years. The distribution facilities have an approximate average age of 19.98 years with an average remaining life of 10.2 years. These figures are based on analysis completed 12/31/02. The reliability enhancement programs outlined in section 411.120 (b)(3)(A) -ii, iii, vii, viii, as provided in the previously submitted reliability report (June 2003) will ensure that the facilities operated by Mt. Carmel Public Utility Co. are

inspected and maintained on a regular basis. Based on these actions the Mt. Carmel Public Utility Co.=s reliability indices and the results of the customer satisfaction survey (Attachment AA@ to report filed in 2003) it can be concluded that the existing Transmission and Distribution facilities are in good operating condition and provide customers with safe and reliable service.

Annual Reporting Period 2003 - Mt. Carmel Public Utility Co.=s transmission facilities have an approximate average age of 19.7 years with an average remaining life of approximately 10.3 years. The distribution facilities have an approximate average age of 20.98 years with an average remaining life of 9.2 years. These figures are based on analysis completed 12/31/03. The reliability enhancement programs outlined in section 411.120 (b)(3)(A) - ii, iii, vii, viii, as provided in this report will ensure that the facilities operated by Mt. Carmel Public Utility Co. are inspected and maintained on a regular basis. Based on these actions the Mt. Carmel Public Utility Co.=s reliability indices and the results of the customer satisfaction survey (Attachment AA@ to this report) it can be concluded that the existing Transmission and Distribution facilities are in good operating condition and provide customers with safe and reliable service.

Annual Reporting Period 2004 - Mt. Carmel Public Utility Co.=s transmission facilities have an approximate average age of 20.7 years with an average remaining life of approximately 9.3 years. The distribution facilities have an approximate average age of 21.98 years with an average remaining life of 10.2 years. These figures are based on analysis completed 12/31/04. The reliability enhancement programs outlined in section 411.120 (b)(3)(A) - ii, iii, vii, viii, as provided in this report will ensure that the facilities operated by Mt. Carmel Public Utility Co. are inspected and maintained on a regular basis. Based on these actions the Mt. Carmel Public Utility Co.=s reliability indices and the results of the customer satisfaction survey (Attachment AA@ to this report) it can be concluded that the existing Transmission and Distribution facilities are in good operating condition and provide customers with safe and reliable service.

411.120 (b)(3)(G)(ii) - A summary of the jurisdictional entity=s interruptions and reliability indices.

Annual Reporting Period 2002 - The number of planned/unplanned outage events for 2002 was 248. The following table summarizes the interruptions which Mt. Carmel Public Utility Co. customers experienced during 2002 by category.

Category	Number of Interruptions	Percent of Total Interruptions
Animal Related	42	16.94
Tree Related	28	11.29
Employee\Contractor Personnel Errors	1	.40
Underground Equip Related	1	.40
Transmission\Substation Equipment	2	.81
Weather	65	26.21
Intentional\Maintenance	2	.81
Other Alternative Supplier\Utility	0	0
Customer Equipment	10	4.03
Public	5	2.02
Overhead Equipment	73	29.44
Unknown	19	7.66

The system reliability indices for 2002 are indicated in the following table:

SAIFI	3.59
CAIFI	3.59
CAIDI \ Min	83.54

Annual Reporting Period 2003 - The number of planned/unplanned outage events for 2003 was 310.

The following table summarizes the interruptions which Mt. Carmel Public Utility Co. customers experienced during 2003 by category.

CATEGORY	Number of Interruptions	Percent of Total Interruptions
Animal Related	56	18.06
Tree Related	41	13.22
Employee\Contractor Personnel Errors	1	.32
Underground Equip Related	0	0
Transmission\Substation Equipment	1	.32
Weather	62	20.0
Intentional\Maintenance	17	5.48
Other Alternative Supplier\Utility	0	0
Customer Equipment	21	6.77
Public	18	5.81
Overhead Equipment	62	20.0
Unknown	31	10.0
Other	0	0

The system reliability indices for 2003 are as follows:

SAIFI	2.71
CAIFI	2.72
CAIDI \ Min	50.05

Note: During 2003 the Mt. Carmel Public Utility Co. lost power from it=s supplier, information gathered from the supplier indicated that a fault had occurred approx 3/10 of a mile from the source. The supply line was inspected and no evidence of a fault causing condition (trees, animals, structure failure, etc.) was found, and no other answer could be given by the supplier. The indices in the above table reflect this loss of supply.

Annual Reporting Period 2004 - The number of planned/unplanned outage events for 2004 was 495. The following table summarizes the interruptions which Mt. Carmel Public Utility Co. customers experienced during 2004 by category.

CATEGORY	Number of Interruptions	Percent of Total Interruptions
Animal Related	70	14.14
Tree Related	39	7.88
Employee\Contractor Personnel Errors	0	0
Underground Equip Related	1	.20
Transmission\Substation Equipment	0	0
Weather	173	34.95
Intentional\Maintenance	54	10.91
Other Alternative Supplier\Utility	0	0
Customer Equipment	24	4.85
Public	17	3.43
Overhead Equipment	73	14.75
Unknown	44	8.89
Other	0	0

The system reliability indices for 2004 are as follows:

SAIFI	2.69
CAIFI	2.86
CAIDI \ Min	177.06

411.120 (b)(3)(G)(iii) - Expenditures for Transmission Construction and Maintenance in 1998 Dollars

Annual Reporting Period 2002 - The total depreciated cost of transmission plant in service is $3,949,968 and the average remaining depreciation lives is 56.5%. The 2002 capital expenditure for transmission plant, expressed in constant 1998 dollars, was $77,437 for a total of 3.133% of depreciated plant in service and 1.8% of original cost. No expenditures for operations are included in these

calculations.

Annual Reporting Period 2003 - The total depreciated cost of transmission plant in service is $3,715,732 and the average remaining depreciation lives is 48.07%. The 2003 capital expenditures for transmission plant, expressed in constant 1998 dollars was $7,039 or .1895% of depreciated transmission plant in service or .1024% at original cost. Maintenance costs, expressed in constant 1998 dollars was $329,986. (No expenses for operations are included in this calculation.) The total expenditures for transmission, $337,025 represents 9.07% of Transmission Book Value and 4.90% of Transmission at Original Cost.

Annual Reporting Period 2004 - The total depreciated cost of transmission plant in service is $3,224,804 and the average remaining depreciation lives is 47.06%. The 2004 capital expenditures for transmission plant, expressed in constant 1998 dollars was $1,104 or .0343% of depreciated transmission plant in service or .0162% at original cost. Maintenance costs, expressed in constant 1998 dollars was $157,621. (No expenses for operations are included in this calculation.) The total expenditures for transmission, $181,683 represents 5.63% of Transmission Book Value and 2.65% of transmission at Original Cost.

411.120 (b)(3)(G)(iv) - Expenditures for Distribution Construction and Maintenance in 1998 Dollars

Annual Reporting Period 2002 - The total depreciated cost of distribution plant in service is $5,683,386 and the average remaining depreciation lives is 46.6%. The 2002 capital expenditure for distribution plant, expressed in constant 1998 dollars, was $450,335 or 4.84% of the distribution investment. Maintenance expenditures, expressed in constant 1998 dollars, were $330,874, or 5.33% of the distribution investment. These total expenditures represent 13.74% of depreciated distribution investment and 7.33% of total distribution investment, no operations expenditures were included in these calculations.

Annual Reporting Period 2003 - The total depreciated cost of distribution plant in service is $5,315,972 and the average remaining depreciation lives is 32.15%. The 2003 capital expenditure for distribution plant, expressed in constant 1998 dollars, was $497,504 or 9.36% of the depreciated distribution plant in service and 4.80% at original cost. Maintenance expenditures, expressed in constant 1998 dollars, were $351,867, or 3.39% of the distribution investment. These total expenditures for depreciation, $849,371, represents 15.98% of Distribution Book Value and 8.19% of Original Cost. (No operating expenses are included in this calculation.)

Annual Reporting Period 2004 - The total depreciated cost of distribution plant in service is $5,184,111 and the average remaining depreciation lives is 45.21.15%. The 2004 capital expenditure for distribution plant, expressed in constant 1998 dollars, was $2,177,822 or 42.01% of the depreciated distribution plant in service and 19.00% at original cost. Maintenance expenditures, expressed in constant 1998 dollars, were $429,827 or 3.75% of the distribution investment. These total expenditures for depreciation, $2,607,649, represents 50.30% of Distribution Book Value and 22.74% of Original Cost. (No operating expenses are included in this calculation.)

411.120 (b)(3)(G)(v) - Customer Satisfaction Survey.

Annual Reporting Period 2002 - The results of Customer satisfaction surveys for the years 2001 and 2002 are incorporated into Attachment AA@ to the report submitted for the annual reporting period 2002 as well as Attachment AA@ to this report as stated under Section 411.120(b)(3)(G)(v) above.

Annual Reporting Period 2003 - The results of the Customer Satisfaction Survey for the year 2003 are incorporated into Attachment AA@ to the report submitted for the annual reporting period 2003 as well as

Attachment AA@ to this report as stated under Section 411.120(b)(3)(G)(v) above.

Annual Reporting Period 2004 - The results of the Customer Satisfaction Survey for the year 2004 are incorporated into Attachment AA@ to the report submitted for the annual reporting period 2004 as well as Attachment AA@ to this report as stated under Section 411.120(b)(3)(G)(v) above.

411.120 (b)(3)(G)(vi) - Customer Reliability Complaint Overview

Annual Reporting Period 2002 - The information for informal or formal reliability complaints to the Illinois Commerce Commission is unavailable, none are believed to have been made.

Annual Reporting Period 2003 - The Mt. Carmel Public Utility Co. has received no informal or formal reliability complaints to the Illinois Commerce Commission in the annual reporting period.

Annual Reporting Period 2004 - The Mt. Carmel Public Utility Co. has received no informal or formal reliability complaints to the Illinois Commerce Commission in the annual reporting period.

411.120 (b)(3)(H) A table showing the achieved level of each of the three reliability indices of each operating area for the annual reporting period (providing, however, that for any reporting period commencing before April 1, 1998, a jurisdictional entity shall not be required to report the CAIFI reliability index)

The system reliability indices for 2005 are as follows:

SAIFI	1.69
CAIFI	1.43
CAIDI \ Min	66.18

411.120 (b)(3)(I) A list showing the worst-performing circuits for each operating area for the annual reporting period with the understanding that the designation of circuits as Aworst-performing circuits@ shall not, in and of itself, indicate a violation of this part.

Worst-Performing Circuit(s) for reporting period - 2005

SAIFI (Outages) Customers Served)	CAIFI (Outages) Customers Impacted)	CAIDI \ Min (Duration) Outages)
21000 (Froman Drive Feeder) 1.72	21000 (Froman Drive Feeder) 1.74	21000 (Froman Drive Feeder) 84.84

411.120 (b)(3)(J) A statement of the operating and maintenance history of circuits designated as worst-performing circuits; a description of any action taken or planned to improve the performance of any such circuit (which shall include information concerning the cost of such action); and a schedule for the completion of any such action. (The jurisdictional entity may decide, based on cost considerations or other factors, that it should take no action to improve the performance of one or more circuits designated as worst-performing circuits. If the jurisdictional entity decides to take no action to improve the performance of one or more circuits designated as worst-performing circuits, the jurisdictional entity shall explain its decision in its annual report.

As indicated in the response to 411.120 (b)(3)(I) above, Mt. Carmel's Circuit #21000 (Froman Drive Feeder) carried the highest indices values for all three categories during the annual reporting period. The following information is representative of this fact.

Operating History:

This circuit experienced one (1) circuit wide interruption during the reporting period. This interruption occurred when county mowing crews, while mowing rural road ROW's, contacted a down guy with their mowing equipment. This contact broke the guy lead which then contacted 69Kv overbuild facilities resulting in the loss of supply to the substation serving the circuit. Mt. Carmel investigated this event and determined that the impacted down guy was properly marked at the time of the incident.

This circuit experienced an additional eighty-one (81) outage events during the reporting period. The following table indicates the number of outages by cause category for this circuit.

Category	Number of Interruptions	Percent of Total Interruptions
Animal Related	12	14.81
Tree Related	6	7.41
Weather Related	19	23.46
Public Related	4	4.94
Overhead Equipment Related	27	33.33
Unknown Origin	13	16.05

Maintenance History:

This circuit was last inspected in January & February of 2006, work orders were issued to repair major defects which were found during the inspection. Additionally 48.26 line miles, or 64.81% of this circuit has been addressed since the implementation of Mt. Carmel's three year trimming cycle as described in Section 411.120 (b)(3)(A)(iii) above. The remaining 26.20 are scheduled to be completed by March 2007.

The following table indicates the maintenance history on this circuit for the reporting period.

DATE:	MAINTENANCE PERFORMED:	LOCATION:	COST:
01/05	Replaced Transformer	LS #21655, @ 17907 E. 1000 Rd.	$300.00
01/05	Replaced Transformer	LS #21600, @ 15889 Friendsville Ave.	$300.00
02/05	Replaced Transformer	LS #22706, @ 21026 Kavanaugh Ln. (Mesa Lake)	$300.00
02/05	Replaced Pole	LS #21010T010, @ 118 E 12th St.	$1200.00
03/05	Replaced three (3) Lightning Arrestors	LS #22600, Near 20652 Friendsville Ave.	$150.00
03/05	Re-sagged Primary Neutral	LS #22500T431, Near 10427 N. 1800 Blvd.	$200.00
03/05	Repaired Fuse Cut-out	LS #22500T955, @ 18978 E. 1000 Rd.	$150.00
03/05	Replaced Guy Lead & Anchor	LS #22628, @ E. 700 Rd. & N. Mesa Lake Dr. (Mesa Lake)	$150.00
03/05	Replaced Lightning Arrestor on Transformer	LS #22626, @ Higgins Lse. on N. 2200 Ln. (Near Mesa Lake)	$75.00
03/05	Replaced Lightning Arrestor on Transformer & installed Animal Protection	LS #21090, @ 409 Miskell Rd.	$175.00
04/05	Inspected Transformer	LS #21835T087, @ 8907 N. 1400 Blvd	$50.00
04/05	Removed Crossarm (Went Vertical)	LS #21820T228, @ 16909 E. 850 Rd.	$200.00
04/05	Re-sagged Two (2) of Single Phase Primary	LS #21820T228, @ Conservation Lake	$200.00
04/05	Installed Animal Protection on Transformer	LS #22708, @ 6777 S. Mesa Lake Dr. (Mesa Lake)	$50.00
04/05	Replaced Transformer	LS #21600T262, @ 16858 Friendsville Ave.	$300.00
04/05	Replaced Pole (Storm Damaged)	LS #22505T387, @ 9737 N. 1950 Blvd.	$1200.00
04/05	Replaced Pole	LS #22703T133, @ 18771 E. 700 Rd.	$1200.00
04/05	Replaced Fuse Cut-out	Beginning of LS #21841	$150.00
05/05	Replaced Two (2) Crossarms	LS #21350, Near 15167 Friendsville Ave.	$400.00
05/05	Replaced Crossarm	LS #21354, Near 15167 Friendsville Ave. on N. 1500 Blvd.	$200.00
05/05	Replaced Crossarm	LS #22615T504, Near 22646 E. 710 Ln.	$200.00
05/05	Replaced Crossarm	LS #22615, 4th Pole West of Friendsville Ave on Highway 11	$200.00
05/05	Replaced Crossarm	LS #22615, North of 8459 Highway 11	$200.00
06/05	Installed Approx. 250' Single Phase OHD	LS #21823T135 Created @ 16440 Wabash 13 Ave.	$1700.00
06/05	Relocated Pole	Ls #22634T062, @ 7352 N. 2120 Blvd.	$1200.00
06/05	Replaced Transformer	LS #21835T087 @ 8907 N. 1400 Blvd.	$300.00
06/05	Replaced Crossarm	LS #20506, Near 10824 N. 2050 Blvd.	$200.00
06/05	Replaced Two (2) Crossarms	LS #22500, @ Crowell Heirs Lse. Near 9737 N. 1950 Blvd.	$400.00
06/05	Replaced Crossarm	LS #22500, On N. 1920 Blvd 2nd Pole East of E 1000 Rd.	$200.00
06/05	Replaced Transformer	LS #21828T175 @ 7733 Wabash 18 Ave.	$300.00
06/05	Replaced Pole	LS #22600 @ 9098 N. 2280 Blvd.	$1200.00
06/05	Removed Approx. 500' of Overhead Single Phase Primary	LS #22600, East of 9098 N. 2280 Blvd.	$500.00
07/05	Installed Animal Protection On Transformer	LS #21000T010 , @ 1137 Hillcrest Dr.	$50.00
07/05	Relocated Customer Service	LS #22615T630, @ 6496 Highway 11	$125.00
07/05	Removed Approx. 600' of Overhead Primary	Abandoned LS #21400T160 @ 10706 N. 1550 Blvd.	$500.00
07/05	Replaced Transformer	LS #21005, @ 915 N. Mulberry St.	$300.00

07/05	Replaced Service Pole	LS #21821, @ 8678 N. 1600 Blvd.	$1200.00
08/05	Removed Crossarm (Went Vertical)	LS #22605, Near 7904 N. 2100 Ln.	$200.00
08/05	Replaced Two (2) Crossarms	LS #22605, Near 8021 N. 2100 Ln.	$400.00
08/05	Replaced Lightning Arrestor	LS #22708, @ 20886 Sorenson Ln. (Mesa Lake)	$75.00
08/05	Replaced Transformer	LS #22605, @ 8177 N. 2100 Ln.	$300.00
08/05	Replaced Transformers (Upgrade of Farm Operation)	LS #22615, @ 8459 Highway 11	$600.00
09/05	Relocated Customers Service	LS #21000, @ 1202 N. Cherry St.	$125.00
09/05	Replaced Pole	LS #22505, Near 18978 E. 1000 Rd.	$1200.00
09/05	Replaced Pole & Installed Additional Pole to Relieve Slack in Lines.	LS #22505, Near 18978 E. 1000 Rd.	$2400.00
09/05	Reconfigured Underground Facilities	LS #21000T377, @ #3 Lake View Lane & 419 Park Rd.	$500.00
09/05	Relocated Approx. 600' of Overhead Single Phase Primary (For Bridge Project)	LS #21835, @ Greathouse Creek on N. 2270 Blvd.	$3500.00
09/05	Removed Crossarm (Went Vertical)	LS #21090, @ Park Rd. & Miskell Rd.	$200.00
09/05	Removed Two (2) Crossarms (Went Vertical)	LS #21655, ear 17742 E. 1000 Rd.	$400.00
10/05	Extended LS Approx. 310' for New Home Const.	LS #21020T062, @ 510 Easy St.	$2500.00
10/05	Replaced Pole	LS #22708, @ 20967 Lathrop Ln. (Mesa Lake)	$1200.00
10/05	Replaced Pole & Transformer	LS #22708, @ 21034 Lathrop Ln. (Mesa Lake)	$1500.00
10/05	Replaced Pole	LS #22708, Between 21000 & 21024 Carlton Ln. (Mesa Lake)	$1200.00
10/05	Replaced Pole	LS #22628T151, @ 6956 Kemper Ln. (Mesa Lake)	$1200.00
10/05	Replaced Lightning Arrestor & Fuse Cut-Out	LS #22708, @ 20892 Sorenson Ln. (Mesa Lake)	$225.00
10/05	Replaced Transformer	LS #21835, @ 8999 N. 1400 Blvd.	$300.00
10/05	Installed Approx. 170' Single Phase URD	LS #22706T228 Created @ 20660 E. 700 Rd.	$1200.00
10/05	Replaced Pole	LS #22628, N. Mesa Lake Dr. & Phelps Ln. (Mesa Lake)	$1200.00
10/05	Installed Animal Protection On Transformer	LS #21062, @ 223 Chandler Dr.	$50.00
11/05	Replaced Three (3) Poles	LS #21650, Between 17939 & 18287 Friendsville Ave.	$3600.00
12/05	Replaced Transformer	LS #22626T218, @ 20801 E. 1000 Rd.	$300.00
	Installed Approx. Sixty-four (64) Guy Guards	Various Locations Within The Circuit.	$1600.00

Actions Planned or Taken to Improve Reliability:

$ Replace the existing voltage regulators, located on Line Section #22505 along N. 1920 Blvd, with a capacitor bank at the same location. In connection with this project Mt. Carmel also plans to relocate the regulators currently at this location nearer to the village of Friendsville. These projects are being scheduled for late summer of 2006 and are being undertaken in conjunction with the installation of two additional voltage regulators on Line Section #22500 as indicated under Section 411.120 (b)(3)(B) above. No cost estimate is available at this time.

$ Also see items listed under Maintenance History above.

411.120 (b)(3)(K) Commencing June 10, 2001, tables or graphical representations, covering for the last three years all of the jurisdictional entity=s customers and showing, in ascending order, the total number of customers which experienced a set number of interruptions during the year (i.e., the number of customers who experienced zero interruptions, the number of customers who experienced one interruption. etc.)

Number of Outages Experienced	Number of Customers		
	2003	2004	2005
0	21	342	162
1	159	885	4115
2	2574	1548	982
3	2055	1456	297
4	684	910	126
5	178	386	89
6	37	149	11
7	22	44	1

8	16	18	0
9	0	14	0
10	0	1	1
11	0	8	0
12	0	0	0
13	0	0	1

411.120 (b)(3)(L) Commencing June 10, 2001, for those customers who experienced interruptions in excess of the service reliability targets. A list of very customer, identified by a unique number assigned by the jurisdictional
entity and not the customers name or account number, the number of interruptions and interruption duration experienced in each of the three preceding years, and the number of consecutive years in which the customer has
experienced interruptions in excess of the service reliability targets.

See Supplemental Report

411.120 (b)(3)(M) The name, address and telephone number of the jurisdictional entity representative who can be contacted for additional information regarding the annual report.

For further information concerning this report, contact@

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MT. CARMEL PUBLIC UTILITY CO.

ELECTRIC TRANSMISSION AND DISTRIBUTION REVIEW

ATTACHMENT AA@

CUSTOMER SATISFACTION SURVEY.

MT. CARMEL PUBLIC UTILITY CO.

ELECTRIC TRANSMISSION AND DISTRIBUTION REVIEW

ATTACHMENT AB@

SUPPLEMENTAL REPORT TO ANNUAL REPORT FOR 2005

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PART 411.120(b)(3) SUPPLEMENT TO ANNUAL REPORT

Supplemental Report Section 1. Beginning with the 2003 Supplemental Report filed on June 1, 2004 - The Number and causes of interruptions for the annual reporting period. (Section 411.120 (b)(3)(D)). Interruption will be defined in 411.20.

The following table summarizes number of customer interruptions experienced in 2005 by cause category.

CATEGORY	Number of Interruptions	Percent of Total Interruptions
Animal Related	39	11.50
Tree Related	30	8.85
Employee\Contractor Personnel Errors	0	0
Underground Equip Related	0	0
Transmission\Substation Equipment	1	.29
Weather	76	22.42
Intentional\Maintenance	44	12.98
Other Alternative Supplier\Utility	0	0
Customer Equipment	27	7.96
Public	11	3.24
Overhead Equipment	76	22.42
Unknown	35	10.32
Other	0	0

Supplemental Report Section 2. Beginning with the 2003 Supplemental Report filed on June 1, 2004 - For those customers who experienced interruptions (controllable and uncontrollable) in excess of the service reliability targets listed below, (1) a list of every customer, identified by a unique number assigned by the jurisdictional entity and not the customers name or account number, the number of interruptions and interruption duration experienced in each of the three preceding years, and the number of consecutive years in which the customer has experienced interruptions in excess of the service reliability targets. (Section 411.120 (b)(3)(L))

There were no customers who experienced interruptions in excess of the service reliability targets.

Supplemental Report Section 3. Beginning with 2003 Annual Report filed on June 1, 2004 - for the customers identified in item #2 the supplemental report shall include the specific actions, if any, that the utility plans or has taken to address the customer reliability concerns.

There are no actions required at this time.